Companies Do Not Sufficiently Succeed in Profiting from ERP Innovations

Gerben de Roest

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De Roest mentions that he expects that the investments that companies put into their ERP landscapes in the coming years will mainly be focused on achieving the maximum profit from their existing applications. De Roest: "The emphasis is therefore on securing the value of investments made in the past, while the potential of obtaining added value from ERP remains unexploited. When we look at the agenda for the next three to five years, we see that the focus is mainly on traditional objectives such as optimizing the existing ERP landscape and improving control of key data and processes in the ERP systems." De Roest mentions that a recent KPMG study confirms these expectations. "One possible explanation is that for many companies it is a great challenge to introduce new technology into a large-scale and complex ERP environment and therefore they are reluctant to engage in the process. In addition, it is the experience of many companies that achieving tailor made solutions and the integration of systems is becoming increasingly complicated. Companies already have their hands full with this. This complexity also limits innovation within the ERP environment and therefore the maximum profit that the organization can draw from the ERP environment. It is therefore not surprising that 75 percent of the companies surveyed have considered or even executed a re-implementation of their ERP systems to reduce their complexity. This is also an interesting insight from the KPMG study", mentions De Roest.

According to De Roest, the greatest challenge for companies in the coming 5 to 10 years will be finding the right balance between optimi-

Value from SAP a balancing act: advantage through SAP optimization, simplification and innovation

zation and simplification of existing ERP landscapes on the one hand and the application of new technologies at the right point in time on the other.

De Roest: "For many companies the value of IT in general, and of ERP in particular, will be determined by the timing and effective adoption of the new applications. This cannot be answered with one simple answer, because technological developments, i.e. digitalization, social media, big data, cloud, mobility and apps, are in full swing and rapidly outstripping each other. ERP software that traditionally supported back-office processes now also follows these IT megatrends, with the ERP functionalities being extended to support the front-office and client-facing processes. Furthermore, the business models of organizations and the manner in which organizations approach their customers and consumers (digitalization) are also changing faster than at any time in the past and the chosen ERP system also has to be 'sustainable' to form a solid foundation for the coming decades. My advice to organizations is to focus on reducing the complexity of their current ERP environments, which will reduce the costs of the ERP operation and allow room for innovation and the integration of new technologies based on a solid ERP plan. If properly applied, the value of ERP for organizations will only continue to increase."

De Roest envisions that in 20 or 30 years' time ERP systems still play a pivotal role in supporting business processes for many organizations. "High Performing Cloud ERP platforms will be common practice supported by a mature business app market, similar to the App Store of Apple. My expectation is that this business app market will grow very quickly and will support companies optimally in adding new business functionality while sticking to a high level of standardization. Datawarehouse environments do not exist anymore as ERP systems can deliver the required business/management information real-time on any (mobile) device."

Gerben de Roest is a partner at KPMG Management Consulting and is leading the SAP practice in the Netherlands. With over 15 years of SAP experience he developed a strong network, both national and international, internal and external, and excellent skills for program management, business development, ERP strategy alignment and project management. Gerben and his team work in an advisory, delivery or review role working with senior stakeholders and SAP project teams providing advice in the areas of IT/ERP - SAP strategy alignment, operating models, SAP and business (process) integration, SAP program and project governance and management. The main objective is to help clients in realizing the benefits of their SAP investments taking into account their business models, organization, people and culture, business and IT processes.